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*President* J. N. LAWRENCE



# Canada Coin News

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# International Banknote Society



**President:** J. N. Lawrence

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# VERIFICATO

And the Story It Tells

by Dr. ARNOLD KELLER

Some notes tell a story. Among them are the Jugoslavian notes which bear two round seals 31 mm., showing a female figure like Liberty, holding up a short knife—and on the right side of the figure the word "VERIFICATO". The word means "proved and found correct". What is the story behind these notes?

As the German troops took Belgrade in 1941, the Jugoslavian officials fled into the mountains and took with them, in trucks, all the banknotes which had been deposited in the National Bank. They went to Montenegro but the nature of the terrain prevented the trucks from going any further. The notes were then hidden in a mountain cave and the officials continued their flight on foot.

Not long after that some passing peasants found the hidden cave and promptly took away with them as much as they could carry. Word got around and peasants flocked to the area to take the money. Then a fire was made to burn the remainder of the notes—but this was only partly successful and many fire browned notes have turned up.

When Italian troops went into Montenegro to occupy the area they wondered at the wealth of the peasants—until they discovered the cause.



The Italians procured from the State Bank in Cetinje the list of regularly issued notes and began to stamp them with the VERIFICATO seal.

All notes which were issued legally were overprinted in this way. But some of the other notes were overprinted too as is evidenced by the number of browned notes bearing the overprint.

Later all overprinted notes were changed for new paper money of the newly founded banks.

The following notes are known overprinted VERIFICATO:

1.12.1929	100 dinar with watermark Alexander II and with Peter.
1.12.1931	50, 100, 1,000 dinar.
6.9.1935	500 dinar.
6.9.1936	20 dinar.
6.12.1936	2, 50 dinar.
6.9.1939	10 dinar.
22.9.1939	10 dinar.

It was not the first time that Jugoslavian notes were overprinted. This was first done by the Austrians when they occupied the whole of Serbia in 1916. As the Serbian notes were printed in Paris it seemed possible that newly printed Serbian notes would be smuggled into the country. To prevent this the Austrians ordered that all Serbian notes must be presented to officials who were to affix a great violet military seal of a Kreiskommando, a military district office. At the moment we know of 10 different such seals all of which are of the highest degree of rarity. As very small localities are among the overprinted notes it is to be supposed that many more such overprints exist. I was a collector of these particular notes since 1912 but it took me 20 years to find my first one. Now I have five.

After the war Jugoslavia overprinted all notes which were current in the newly acquired countries in order to ascertain the amount of paper money in circulation. First the old Austrian-Hungarian notes were overprinted, but not only by the state offices, but by each city. The entire army, regiments and groups, overprinted notes in this way. They were in circulation for nearly a year.

Then it was announced that the first overprints were invalid and all notes were to be overprinted a second time. This time a tax stamp was added and a percentage of the value of the notes was kept for the state. Later the notes were changed against the newly printed Dinar notes.

The same course of events occurred with Bulgarian notes in the East Bulgarian countries which now came under Jugoslavia. But if it was easy to obtain Austrian notes with Jugoslavian overprints it was very difficult to obtain Bulgarian notes with Jugoslavian seals.

Only very few of these notes came into my collection and I never found any offered for sale. But some months ago I received a letter containing about 30 of these rare and interesting notes. An exiled Russian collector had collected them together. He had been a friend and correspondent since 1922 and was now stricken with a malady and it was no longer possible for him to continue collecting. As a last sign of friendship he presented me with his Bulgarian notes with Serbian seals.

# MILITARY BANKNOTE ISSUES, TREASURY AND RAILROAD SCRIP

by E. KANN

## Hupeh Provincial Military Savings Bank

The author has inspected a 50-cents note issued during the first Year of the Republic (1912) by the above institution. It is marked "Subsidiary Banknote". Another statement appears on the reverse in English which assures the holder that "This Note is guaranteed by the Ministry of Finance of the Central Government and will be paid to bearer on demand". Seemingly this assertion could not claim absolute accuracy. A military savings bank is something rare in peaceful times; but if created in the course of a bloody revolution, it cannot inspire much confidence. Civilians certainly would not be induced to deposit funds with a revolutionary military savings bank, while the soldiers were so badly paid in China during those times, that the sole function of such an institution could only be the forced and unbridled issue of paper money. No data is available when and under what circumstances this military savings bank discontinued banking business of its own calibre.

## Ministry of Communications, Peking-Hankow Railway

Between 1922 and 1925, the Peking-Hankow Railway issued notes in denominations of \$5, 10 and 50. From the regulations printed (12) on the reverse it can be gauged that there were altogether 36 such issues. Seemingly one series came out to replace a previous series defaulted on. The rules state that the security offered for these notes consists of guarantees given by the Tientsin-Pukow Railway, Peking-Hankow line and the Peking-Suiyuan Railroad. However, the Tientsin-Pukow Railway had huge foreign obligations since 1908, which most of the time were in default, while the other two lines were at times guarantors for internal loans. So, in this case, the security was hyperbolic and the notes became irredeemable. Their extent must have been considerable, for the first and second series alone aggregated 8 million dollars principal, plus  $3\frac{1}{2}$  million dollars overdue interest.

Although this issue appeared as emitted by the Peking-Hankow Railway, and co-sponsored by the Ministry of Communications and other railroads, it was pure and simple a transaction enforced by the military junta for its benefit.

## Republican China Army Banknote

Under this style paper money was issued in 1912 in Canton, printed by the Commercial Press, Shanghai, in denominations of \$1 and \$5. What became of these notes is not clear. In 1913 the

Bank of China at Canton redeemed \$31,045,000 of hitherto irredeemable notes, using part-proceeds of the Reorganisation Loan for the purpose. The redemption took place at the rate of \$0.455 old notes for each Bank of China dollar scrip. The latter were redeemable in silver coin. Undoubtedly, a large part of the military notes was amongst the currency redeemed.

#### **National Army Finance Currency Note**

The emission of notes in 1927 by the army commander was forced on the people. The originator was the "Christian" General Feng Yu-hsiang who, some years previously, founded and controlled the Bank of the Northwest without capital, procuring working funds from the issue of irredeemable paper.

#### **The Republic of China Military Banknote**

Issued at Shanghai and dated 9th moon 4609 Huang Ti, which date coincided with 1912. The notes in denominations of 50-cents, \$1, \$5 and \$10, purport to have been issued by the Chung Hwa Bank, as agents for the Military Government. Whether or how these notes were redeemed is not on record.

The author has seen a \$1 note circulated under the same name, but marked "Anhwei".

#### **Military Note of the National Revolutionary Army**

Dated 1926 and issued in Hunan Province. The author saw denominations of 20-cents and 1 dollar.

#### **The Commissariat Department**

When the warlordism was at its heights in China, the military forced its own issues upon a helpless citizenry. Amongst others, Wu Pei-fu circulated notes, dated 14th Year (1925), and marked Hankow in Chinese on the obverse. But the reverse side had the place of issue and the ostensible station for redemption supplanted in black, by making Honan the Commissariat's headquarters. After having been defeated at Wuchang-Hankow in 1926, Marshal Wu Pei-fu circulated notes, dated 14th Year (1925), and marked Hankow fiat money with HONAN. Such notes were seen by the author in denominations of 10 and 20 cents, as well as \$1, 5 and 10. The reverse displays a large square vermilion seal and, in small print a set of regulations, a rough translation of which follows here:—

- (1) These notes are issued by the Military Headquarters for temporary use by the army.
- (2) These notes are issued by a specially created office administered by the military authorities.
- (3) These notes are secured on immovable government properties worth \$30,000,000 under the control of the Hankow Chamber of Commerce as guaranty for the note-issue, namely:
  - (a) a government paper factory belonging to the Ministry of Finance;
  - (b) all real estate properties in Hankow owned by the Ministry of Communications;
  - (c) the land and buildings along the southern section of the Peking-Hankow railroad;
  - (d) all government-owned immovables in Hankow.

- (4) These notes are redeemable at the Commissariat's headquarters or at its branch-offices.
- (5) These notes shall be redeemed one month after the cessation of military movements.
- (6) Wherever the army might be, these notes should be accepted by banks, exchange shops, railroads and public offices; they can be used for paying taxes.
- (7) In the event of these notes being refused by anybody, such action would destroy confidence in the issue and result in the violation of existing regulations. This would be punished under the provisions of current martial law.
- (8) These regulations are promulgated by the Commissariat Department with the consent of military headquarters with effect from the 10th moon of the 14th Year of the Republic (October, 1925).

### **Republican Government of China**

In 1925 the Ministry of War placed such notes into circulation; the fiat money was dated 1912. The \$1 note came under the notice of the author. It bears the following inscription on the reverse in English and Chinese:

"This note is acceptable for payment of all taxes, duties and purchases, and it will be circulated for public and mercantile use generally. It is temporarily prohibited for cashing, but it will be redeemed by the Government Bank after six months from date of issue. Any person or persons who obstruct its circulation will be punished according to law. Anyone who attempts to counterfeit it will be dealt with as counterfeiting coinage. By Order." (Date: January, 1912.)

### **Wang Ho Bank of the Republic**

Hailing from Anhwei Province which seemingly specialised in militarism. The notes, whose fate is unknown, were dated 1912. The author saw the \$1 value. During 1912-13 about \$1,000,000 of "Pah Wen Yu Bonds" were issued.

### **Chen Wei Chun 3rd and 4th Army Corps**

Printed by the Bureau of Engraving and Printing, Peking, and dated 1927. The 10-cents and one-dollar values were seen by the author. The notes state that they are redeemable at the 3rd and 4th Army Corps. Where?

### **Chekiang Province Government Bank**

In 1912, when the Revolution was at its height, Chekiang Generals also demanded from the provincial authorities to supply them with paper money. Same was supposedly redeemable 10 months after issue, which would have been March 15th, 1913. The \$1 value was seen by the author.

### **Provincial Army Note of Shantung**

Notes in denominations of 20-cents, \$1 and \$5 were handled by the author. They were dated 1926, and most likely the 10-cents and \$10 also exist. At that time General Chang Tsung Chang held sway in Tsinan and needed much money for feeding his large army. So he was quick in issuing notes, without bothering much about redemption prospects. In No. 290 of the "Chinese Economic Bulletin" of September 11th, 1926, we find the following paragraph relative to banknotes then current in the capital of

### Tsinan (Shantung Province):—

"There are four kinds of paper money in circulation in Tsinan, issued by various government organs and commercial banks, namely, silver dollar banknotes, "small-money" notes, silver dollar military notes, and "small-money" military notes. The silver dollar bank notes are known in Tsinan as "cash big money" and are accepted at par with silver dollars. Owing to the large issue of depreciated military notes, the Tsinan merchants have raised their list prices, which are reduced when the customer pays in cash or "big money" notes. In order to raise the market value of the military notes, the Civil Governor of Shantung has recently organised a special bureau to supervise their issue and to devise means of redemption. It is also ordered that a certain percentage of military notes be acceptable in payment of taxes and duties by the people. The notes thus received by the tax collectors are handed over to the Bureau to be publicly destroyed. It is officially reported that the number of military notes in circulation has been gradually reduced since July. In this manner, the market value of the depreciated military notes has been raised to 80 per cent of their face value, but prices in Tsinan are not lowered as expected. The police authorities and the local Chamber of Commerce have been instructed to devise measures for bringing down the prices of daily necessities in order to improve market conditions."

With regard to the same subject we find another instructive paragraph in the "Chinese Economic Bulletin" No. 308 of January 15th, 1927:

"Redemption of Shantung Military Notes.—Military notes issued by the authorities of Shantung Province to the amount of \$7,499,000 were to be completely redeemed by the end of 1926, according to an official proclamation. Up to the end of November, \$6,000,000 worth of these notes had already been redeemed and destroyed. The remaining portion is to be accepted at par in payment of government taxes, railway and telegraph charges in the province. The military notes issued by the Chihli-Shantung Allied Army to the amount of \$3,500,000 are also being gradually redeemed and destroyed. With the credit of the provincial Treasury thus re-established, the provincial authority is contemplating the flotation of another series of similar notes."

### The Kiangse Bank of the Republic, Military Banknote

In 1912 a \$1 note was issued; possibly also other denominations. It was printed in a small Shanghai printers shop on soft paper. The reverse displays the bust of General Ma, the Governor.

### Kwangsi Temporary Military Notes

Dated 11th Year of the Republic (1922), the militarists issued notes, denominated \$1, \$5 and \$10, nominally redeemable . . . after the war. Enough said.

### Finance Committee of Headquarters of Government Army in Shensi

Issued in far-away Shensi Province and dated 1927, in denominations of 10, 20, 50-cents and \$1, \$5 and \$10. Responsible for this note-issue was General Feng Yu-hsiang (see 84); the notes made their appearance under the style of "Finance Commission of the General Staff of the Kuo Min Chun". The regulations on the reverse plainly say that the notes are not exchangeable against cash. But they can be circulated within the district where the Kuo Min Chun Army was stationed. The notes can also be

used for paying taxes; and they ought to serve for commercial transactions. After the termination of the (civil) war, an attempt would be made to redeem them. The fate of these notes is unknown, but seemingly it was not too propitious. Originally, the fractional notes were emitted in the name of the Kuo Min Chun, but rectangular red surcharges divulged that they were military-managed.

### **21st Army Notes**

A series of Army banknotes in denominations of \$1, 5, 10, 100, 500 and 1,000 were shown to the author in shape of printer's proofs. All are of the same small size, namely 6.6 x 5.1 cm., of the identical design and of the analogous legend, apart from the denomination. Only the obverse has been seen by the author, so that there is no certainty that the notes ever entered circulation. All the fiat money is marked as emanating from the 21st Army, but the place of issue is not indicated; and neither were they dated.

Until 1926 the 21st Army was stationed in Chungking, Szechuen Province, but had to leave then, being ousted by another military group. As a consequence of this change, the Chung Ho Bank, a creation of the 21st Army, had to close its doors in Chungking.

### **General Ma Chun-Shan, Heilungchiang**

In 1932 the dissenting General Ma Chun-shan, in order to finance his campaign against the Japanese, issued \$2,000,000 worth of paper money. When he was driven out of Manchuria, the new puppet state of Manchukuo took over this issue in order to relieve the market, paying par for the notes. The exchange could be accomplished in the course of one month, after which time the paper would not be cashed.

### **Great Han Szechuen Military Government Military Note**

Dated in the classic style 4609 (after the legendary emperor Huang-Ti) which corresponds to A.D. 1912, this note existed in denominations of \$1, \$5 and \$10. As issuer figures the Szechuen Bank, which nomenclature probably meant the Szechuen Provincial Bank. According to a statement printed on the reverse, total issue aggregated \$3,000,000. The fiat money was stated to become redeemable one year after issue, but justifiable doubts are extant that this promise was to be taken literally. Forgeries of the bank-note were to be punished with death.

### **Banknotes in the Shape of Land Tax Certificates**

The year 1930 witnessed the issue of a series of notes in denominations of \$1, 5, 10, 100 and 1,000, which were clearly printed as "Land Tax Certificate", both in Chinese and English. However, no place of issue is indicated on the series of specimen notes in the author's possession, for space for the domicile is provided in the lower frame on the reverse side. The notes are produced in excellent style on very good quality paper; but the printer's name is not discernible.

The aims of these notes which, in design and format, are

identical with the ones usually pertaining to current banknotes, is not clear at this stage. But it is almost certain that the emission was created by a warlord in Szechuen Province. At about that period (1930), the quarrelling Generals in Szechuen Province were in constant need of funds. Since the numerous taxes forced on the populace were inadequate for the warlords' requirements, they struck upon the cruel makeshift of demanding payment of land taxes far in advance, i.e. for from five to ten years, not caring what their successors would do in the matter. Probably the latter would not recognise the forcible measures illegally enforced by the preceding warlords, and demand land taxation anew. It is almost certain that the paper money referred to here was the direct outcome of those ingenious schemes.

In accordance with prevailing custom, the Chinese text on the notes avers that the land tax certificates are generally current and exchangeable against silver—a deliberate untruth. The reverse is entirely in English, a luxury which appears superfluous, since in the far-away interior hardly any foreigners were living. And these few could not own land there (except some religious missions), so that foreigners had little to do with land taxes.

According to press reports, in certain instances the payment of land taxes in Szechuen was demanded, and if possible enforced, for as far as 30 years ahead. Such foul deeds, carried out by one group of militarists of Szechuen, stood no chance of being recognised by another incoming warlord. The existence of land certificates is recorded in this place, because they were a creation of the military.

#### **Mukden Bank of Industrial Development**

See 166, Fengtien Industrial Bank. Under the above style the bank, controlled by the ruling clique, issued "bonds" calling for 4 permille per mensem interest. The notes had it imprinted what everybody knew, namely that they were not redeemable against cash.

#### **Soviet Russia's Issue of Paper Money in Manchuria**

It remains somewhat controversial under which section to deal with this particular subject. However, there is no doubt at all that the large note emission by the Russian military apparatus was a military issue in the full sense of the word, though neither legal tender in Soviet Russia, nor permitted to circulate outside the borders of Manchuria.

Under duress the Russian army command made China agree to an issue by the Soviets up to 300 million yuan; but actually the total note emission of Russian war notes aggregated about 10 billion yuan. Besides, they confiscated as war booty huge values in machinery, railway stock and other assets, as well as about 500 million Manchurian yuan from banks in that area.

As a reward for its entry into the war against Japan, the President of the United States, Roosevelt, and the then Premier of Great Britain, Churchill, at their meeting with Stalin at the Yalta

Conference, Soviet Russia was promised special advantages in Manchuria, which were to restitute to her practically all the prerogatives enjoyed by imperial Russia until 1905. Soviet Russia chose to invade Manchuria in July, 1945, causing a rapid breakdown of the Japanese armies spread out there in great force. China was not a participant of the Yalta Meeting held by the Big Three and was not appraised of the arrangements concluded there, especially not of the rewards promised to Soviet Russia in the shape of large concessions within Manchuria. These comprised mainly partnership with China in the entire Manchurian railway system, the administration of the port of Dairen in conjunction with the Chinese officials, and the lease of Port Arthur and its harbour facilities. The promised evacuation of Manchuria by the Soviet troops was much delayed, and finally it was promised that it would be completed by the end of April, 1946. Russian armed forces removed the bulk of Japanese-owned machinery from numerous plants throughout Manchuria, an action which—though protested by China and questioned by America and England—was justified by the Soviet Government by declaring the conquered plants as lawful war booty of Russia's victorious forces.

The Soviets issued their own special paper money in Manchuria as a war measure. The banknotes were printed in Chinese only. According to an arrangement with China, 30,000,000 yuan was the maximum to be issued by the Russian military. But, according to an Associated Press cable, dated Chunking, March 24th, 1946, the issue was subsequently increased to 400,000,000 yuan, causing the "People's Daily News" (according to a despatch from Mukden) to style the action as a "runaway inflation".

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# LIST No. 2

## NOTES TO SELL

### JOS HOCHÉ CASTELL VELM (BELGIUM)

#### SPECIAL NOTES/Curiosa

<b>Austria:</b>	10 Heller Helpfau. 31.12.20. Printed on rationcard	\$1.50
50 Heller Helpfau.	31.12.20. Printed on rationcard	\$2
50 Heller St. Gallen.	30.9.20. Printed on rationcard	\$2
10, 20, 50 Heller Hadersfeld.	Printed on wood. 3 pieces	\$3
20 Heller Hadersfeld.	Printed on wood	\$0.80
<b>Germany:</b>	1 Mk Rybniker Steinkohlen. 15.8.14. Printed on reverse of banktitle. F	\$2.50
10 Pf <sup>g</sup> Lauenburg.	Undated. Printed on blue linen	\$1.50
25 Mk Bielefeld.	15.7.21. Printed on white linen	\$2
1,000 Mk Bielefeld.	15.12.22. Green. Printed on white linen	Unc.
25 Mk Bielefeld.	15.7.21. Brown. Printed on silk	Unc.
25 Mk Bielefeld.	2.4.22. Yellow. Printed on silk	Unc.
50 Mk Bielefeld.	2.4.22. Blue. Printed on silk	Unc.
50 Mk Bielefeld.	2.4.22. Blue. With printing error	Unc.
50 Mk Bielefeld.	9.4.22. Yellow. 2 different pieces	Unc.
50 Mk Bielefeld.	9.4.22. Yellow. 1 note	Unc.
500 Mk Bielefeld.	21.10.22. On silk. Propag. against U.S.A. 2 different notes	\$2
1,000 Mk Bielefeld.	15.12.22. On silk with stamp	\$6
1,000 Mk Bielefeld.	15.12.22. On silk without stamp	\$4
<b>Katanga:</b>	Large cross money, weight more than 2 pounds. Original trade money before Belgian Colonisation (I possede, 3 pieces). RRR	\$3
		\$22

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<b>France:</b>	Local notes during WW1. 78 different notes. Many unc.	\$15.60
<b>Malaya:</b>	Jap. Occ. 5 Oct. (Series PP and MT). VF and Unc.	\$0.80
<b>Greece:</b>	1,000 Drachm. 10.7.50. G	\$0.50
<b>Germany:</b>	28 diff. National Bank notes. G to F	\$4.20
<b>Hungary:</b>	1 Forint. 10.7.88. G Rare	\$1.50
<b>Austria-Hungary:</b>	Large 1,000 Kr. 2.1.02. P and G. 2 pieces diff.	\$0.60
<b>Russia:</b>	5 Roeble. 1909. 7 diff. handwritings. VF. 3rd edition	\$3.50
5 Roeble.	1909. 9 diff. handwritings. 1st edition. VF	\$4.50
10 Roeble.	1909. 4 diff. handwritings. 2nd edition.	Unc.
100 Roeble.	1910. 3 diff. handwritings. 1st edition. VF	\$3
100 Roeble.	1910. 7 diff. handwritings. 2nd edition. VF	\$4.50
500 Roeble.	1912. 6 diff. handwritings. 2nd edition. VF & Unc.	\$8.75
<b>France:</b>	1,000 Fr. 1939. Extr. rare in this VF condition	\$12
500 Fr.	1941. VF for this tall note	\$4
100 Fr.	1933	\$3
	Unc.	\$3

<b>Russia:</b> 5 Roebles. 1909. 7 diff. handwritings. 2nd edition. V & VF	\$3.50
Lot of 50 different notes, some rare	\$25
<b>Spain:</b> 100 Pesetas. 1925	Unc.
\$4	
<b>Italy:</b> 5 small different notes. G to F	\$1
<b>Austria-Hungary:</b> 5 diff. small notes G to VF or Unc.	\$1.60
<b>Hungary:</b> 1 Florin. 7.7.1866. VF. R	\$4
<b>France:</b> City of St. Quentin. 1870. VF. RR	\$3
Alsace/Mulhouse. 1914 till 1918. 9 diff. VF	\$3
10 Sous 1792 and 15 Sol 1793 and 50 Sol 1793. G	\$0.90
1.000 Fr. 1943. VG (small corner gone)	\$2
5 Fr. 1945. G	\$0.20
25 Fr. Territorial promes. 4th year of Republic, 1796. Unc.	\$4
<b>Japan:</b> 50 Cent. 1938 (undated). G	\$0.60
<b>French Colonies:</b> (Head of Colbert) 10 Fr. Undated. G	\$0.40

#### ENGLISH COLONIES

<b>Hong Kong:</b> 7 diff. notes F to Unc. 1 to 10 Cents	\$4
<b>Hopei:</b> 20 (note with worth indic. as 20 Copp. Coins)	\$3
<b>Hong Kong:</b> Private issue. \$1, 20 and 10 Cents. Unc./Lee Ka Yeun	\$12
<b>Malaya:</b> 6 diff. notes from 1 to 50 Cents. G to Unc.	\$5
<b>Australia:</b> 10/-. Undated (orange). Edward VII. VF	\$4
<b>Indian:</b> Overprinted Military Adm. of Burma (only for Burma).	1 Rupee
1 Rupee. 1951. George VI	\$4
1 Rupee and 2 Rupee. Elizabeth II. Unc. and VF	\$2
<b>Straits:</b> 1 Dollar. George VI (1.1.1935). VG	\$3
<b>India:</b> 4 diff. 1 Rupee notes all Unc.	\$5
<b>Mauritius:</b> 5 Rupees undated. Ex. F. Elizabeth II	\$4
<b>East Africa:</b> 1 Shilling. George VI (1.1.1943). VG	\$5
5 Shilling. Elizabeth II (31.3.1953). VF	\$3
<b>Pakistan:</b> 1 Rupee. India with overprint for Pakistan.	Unc.
1 Shilling and 10 Shilling (type Lion on Crown)	\$4
Sixpence and 1 Shilling. 1st issue. G and F	\$10
Threepence, Sixpence and 1 Shilling. 2nd issue. VG and F	\$3
<b>Bank of Taiwan:</b> With overprint of Matsu-Matsu. Unc. (1954,	\$4
1955, 1950). All Unc. RRR	\$18
<b>England:</b> Carmarthen Bank. £5. 20.9.1828. VF	\$16
Internat. Travellers Cheque (£5/Gravesend). G	\$4
<b>Anglo-Palestine Bank:</b> £5, £1, 500, 250 and 100 Mill. All undated	\$15
(signed Hoofin)	

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<b>Israel:</b> 500 Prutha and £1. Both Unc. (1955)	\$7
<b>Iceland:</b> 5 Kronur (green) and 5 Kronur (brown). 1928	\$5
<b>Turquie:</b> 5 Piasters (1332). 3 diff. and 20 Piasters (1332)	\$8
1 Piaster (1332). Unc.	\$2
<b>Saudi Arabia:</b> 1 Ryal (1375). Unc.	\$4
<b>Libanon:</b> 12 diff. notes. G to Uncirc. (from 1 Pist. to £1)	\$18
<b>Siam:</b> 15 diff. notes (mostly uncirc.)	\$24
<b>Iran:</b> 2 diff. 10 Rial notes. VG and G (1330 and 1333)	\$4
<b>Libia:</b> 10 Piasters 1951 and 5 Piasters 1952 (G and F)	\$3
<b>Egypt:</b> 5 Piastres 1940. VG	\$1
<b>Burma:</b> 1 Kyat Ex F	\$1
<b>Cambodia:</b> 1 Riel G	\$1
<b>Turquie:</b> 100 and 50 ?? (reverse with French stamp) (Const. 1877)	\$30
100 ?? (reverse with oval French stamp) (Const. 1877)	\$14
Two small notes from 1877 (diff. colours) (Const. 1877)	\$2
50 Kurus and 2, 5 Pounds. 1930. Unc. and VF	\$3
2, 5 Pounds. 1930 (other type). G	\$1

# THE FINANCIAL GENIUS JOHN LAW

by C. C. NARBETH

*Collectors can buy assignats of the French Revolution for as little as one dollar. The story they tell is fantastic and has earned an important place in history: but just as fascinating is the story of the man whose ideas gave birth to the assignat.*

Born in Edinburgh in 1671, John Law was the son of a goldsmith who, like many of his art at that time, acted as "banker" to his clients in that they deposited valuables with him. Goldsmiths were the father of English banking through this system which soon led to merchants paying debts with "goldsmith notes".

At an early age John Law displayed an aptitude for mathematics, particularly algebra, and this was to lead him to the top of the financial tree in France.

But his early life following the death of his father made it quite extraordinary that he should be accepted in any respectable circles. In London, where he took up residence, he became famed very quickly, not for his mathematics but for his intrigues with women and his skill at the gambling tables. His successes at gambling kept him going and his prepossessing manner won him many friends.

Like some other geniuses of our modern history, notably Napoleon and Hitler, Law over-reached himself and every move was a gamble for which failure meant destruction. He became involved in a love affair from which he could not extricate himself. His way out was a duel with a Mr. Wilson whom he quickly despatched.

Law was arrested for the crime, tried, convicted of murder and sentenced to be hanged.

Bribery enabled him to obtain a commutation of sentence and shortly after that he succeeded in a daring escape to the Continent. It was with this background that John Law was to make his bid for real power—and succeed.

His financial theories were already growing and when he returned to his native Scotland in 1700 he found the conditions ripe for his theories to be put into practice. He tried in vain, for the Scots had no heart for such a venture. They had just tried one and were savouring its miserable outcome. William Paterson, the founder of the Bank of England, had persuaded them to take part in a scheme for the colonisation of the Isthmus of Darien. This scheme was the Scottish Company of Africa and India. Shares were avidly taken up. Paper money issued by the company was freely distributed and for a time competed with the bills of the Bank of Scotland and impaired the position of the bank. Then the scheme failed and two hundred thousand poor were poorer.

John Law put forward his theory that could, he claimed, rescue Scotland. "Wealth depends on commerce," he said, "and commerce depends on circulation." He strongly opposed the current merchant theory that a nation's wealth was its stock of precious metals and contended that gold and silver fluctuated like corn. But land, he claimed, was steady in value, intrinsically useful, and always in demand. His bold plan was simply: "I propose to make a land currency equal to the value of the land and to the value of actual coined money without being subject, as is coined money, to a fall in value."

Commissioners were to be authorised to issue paper money secured by mortgages to the value of two-thirds of the land, or issued for the entire amount if the land was turned over to the commission. His theory was that the currency would regulate itself, because the currency would be in proportion to the needs of the community. If a man wanted money and had land to secure it, he could get it; when no one needed money, there would be no demand and none would be issued.

Had the Scots gone in for the scheme they may well have suffered the fate that the future would bring to the assignats of the French Revolution. But the wily Scots said no. It was many years later, in 1789, that his tract, *Money and Trade Considered*, advancing his theory of land money which had been rejected in Scotland, was translated into French. The revolutionary National Assembly had confiscated the property of the Church and were fascinated by the theory of land money. They put it into effect on a gigantic scale. It was a disaster. Law, of course, was not alive to see the results.

But Law was able to put into effect another scheme which astounded the world. It started, of all places, in a gambling den! There he met the Duke of Orleans who was impressed with Law's mathematical genius. When he became Regent of France on the death of Louis XIV he accepted Law's offer to assist France out of her present financial difficulties.

There was no mention of land money: instead his theory was that of money created on the security of commercial credit. At first Law had little success. The Council of Finance crushed his powers through Saint-Simon, an aristocrat, who objected to the dangers of over-issue. However, they did grant Law a charter for a private bank on May 2nd, 1716. It opened quietly in the house where he lived, Place Louis le Grand, under the name "Banque Generale".

The notes issued were redeemable in coin of a fixed weight and this brought immediate success. It meant they could not be devalued by royal edict and this enabled relations abroad to re-open. Soon interest rates on good paper dropped from 30 per cent to six per cent and were later to drop down to four per cent. By October, 1716, tax collectors were ordered to make their remittances payable in Paris by notes of the bank and to pay

these notes on sight when presented. Virtually they had become legal tender.

In 1718 the Banque Generale became a State Bank. Now Law began to move to financial heights that were to dazzle the world. He produced a scheme for his Mississippi Company—or the Compagnie d'Occident, which was to enjoy extensive and monopolistic privileges in Louisiana. When it is considered that at that time Louisiana was little more than a name, that its size was not even known and the sole French claim to it was that of a few small forts scattered in the wilderness, it is quite extraordinary that such an audacious scheme should have been accepted. But it was. Aided by the Duke of Orleans, Law was able to take over the tobacco monopoly of France for his company and to annex the East India Company and the Compagnie de Chine. Soon he was granted the right of coining, and soon after that the monopoly of the tax farm.

His next proposal was nothing less than the conversion of the national debt. He offered to advance the state 1,500,000,000 livres at 3 per cent, intending to raise the money by company shares. Methods were now used to "fool" the investing public. Prominent people were "persuaded" to buy shares in wilderness tracts and Law himself bought land in Arkansas. He publicly took an option on shares of the company at a price 200 livres above the market and deposited 40,000 livres as security. It was, perhaps, one of the major coups of history in stock marketing. The public were astounded—and they rushed to buy shares.

In July, 1719, shares that were issued at 500 livres were quoted at 1,000. In September of the same year they were 5,000. In the spring there had been 100,000,000 livres of banknotes outstanding. By July another 300 million were issued and in the last few months of the year 800 million more were issued.

To forestall an incipient run on the bank Law lowered the value of gold. Instead of redeeming its paper with louis at 35 to the livre he offered to pay out louis at the rate of 34 livres paper.

What developed from this had had no parallel in previous history. The Rue Quincampoix drew speculators from every part of Europe. It is said that 30,000 foreigners were in Paris in the autumn of 1719, seeking to make a fortune. Speculators who purchased in October, 1719, and sold in November, made 100 per cent. A valet made 50 millions profit, a bootblack forty, and a restaurant waiter, thirty. The word "millionaire" came into being to describe the Mississippian who had suddenly become wealthy.

When John Law visited the Rue Quincampoix where the deals were made he was received with acclamation normally reserved for the sovereign. Edinburgh sent him the freedom of the city. The Chevalier of St. George, the head of the house of Stuart, pretender to the English crown, wrote for his favour and bounty.

France made him Comptroller General on January 5, 1720. It did not last long. The inevitable happened. Large stocks were put on the market. Panic. John Law tried a number of perhaps even brilliant ideas to prevent the run. Although some of these systems acted as a brake they could not keep pace with the fall in stock. In three months the value of gold was changed 28 times and silver 35 times. It surpassed the worst of the old regime.

October 10, 1720, was the fateful day for John Law. A decree was issued formally declaring the notes of the bank no longer currency. Law fled the country.

It is surprising that 60 odd years later when the French Revolutionaries rushed to power with the blade of the guillotine that they did not heed the experience of history. Forgotten were the days of the financial storm which Law unleashed on France; they read only his tract on Land money. The assignats that followed, being money-notes based on land credit, brought to France an even greater financial chaos.



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# TIBETAN PAPER MONEY

by ANDRE L. HELFER

Tibetan chronologists make the year 1027 A.D. the basis of computation by giving each cycle of 60 years the rotation order number. Thus the second rab-byun commenced with the year 1087 A.D. and this 16th rab-byun with the year 1927 A.D. All notes indicate the 16th rab-byun.

The XIII Dalai Lama lived from 1876 to 1933, and the following notes were issued during this period. Notes are silver and the amount in ounces is indicated.

5 Sran 92 mm. x 58 mm., horizontal.  
Centre blue with heraldic lion or tiger; red border, yellow background and black lettering. Red and black seals at left and right of central panel. Principal wording above centre panel: "AUTHORIZED BY HEAVEN APPOINTED GOVERNMENT". Below centre panel, "SILVER NOTE (issued) IN THE 16th YEAR OF RAB-BYUN (name for sexagenary cycle) OF THE SECOND RELIGIOUS GOVERNMENT". Reverse, red designing.

10 Sran 146 mm. x 88 mm., horizontal. Blue on pink background. Centre panel, heraldic animals. Red and black seals at left and right of central panel. Reverse, blue on pink background; four dragons and heraldic designs, symbols and animals.

25 Sran 117 mm. x 86 mm. horizontal. Red on yellow. Red and black seals at left and right of centre panel. Wording as on 5 Sran. Reverse, red and blue on yellow; heraldic designs.

50 Sran 160 mm. x 103 mm., horizontal. The value of this note is neither Sran or Srang, but Tain, and is an unknown quantity at this time. Centre panel red, border blue, yellow background. Two heraldic lions in centre panel flanked by red and black seals. Reverse, four dark panels containing heraldic animals, on yellow background.

100 Sran 181 mm. x 118 mm., horizontal. Red on yellow with black lettering. Central panel: two lions upholding basket of fruits. Red and black seals flanking central panel. Wording same as 5 Sran. Red on yellow background, with inner border of blue, intermediate border of green and outer border of blue. Design: Great Lama chanting Mantras sitting under a holy tree, surrounded by various symbols.

# **The History of Sino Scandinavian Bank of China**

by K. O. MAO (Hongkong)

The bank was started in 1921 by Chinese, Danish and Norwegian merchants with approval of the Norwegian Embassy in Peking. The main bank was in Peking with branch in Tientsin, Changka, Shanghai, Canton and Hongkong. The capital was intended to be ten million dollars but the actual capital with which it started was only two million and five hundred thousand dollars. The manager was a foreigner with a Chinese vice-manager.

The bank was authorised by the Chinese Government to issue paper money but this authority was withdrawn when the Chinese Government made an attempt to unify the currency.

During its existence, the bank had issued paper money of face value \$1, 5, 10 and 10c, 20c. Copper notes of 16, 32, 48, 88 and 10, 20, 30, 50 pieces. The money was current in Peking, Changka, Wing-Tsek, Wing Chuen and Emperor Ch'ing Island, etc. Plans to issue in other north-west districts were not carried out.

Due to lack of records, the total amount known is around \$400,000. In the same year when the Government withdrew the foreign bank's authority to issue money, a great financial upheaval resulted in Peking during which this bank was closed down. Most of the money current in Peking, Tientsin were not withdrawn. There were two different plates of printing and also a lot of overprinting such as Peking overprinted on Tientsin notes and vice versa showing the inefficiency and confusion of this bank.

## **NOTES STRUCTURE OF FORMULA (in my collection)**

30 copper note: Obverse. Landscape in centre, value letters at left and right (Chinese characters). Colour: base in green, frame in purple.

Reverse. Great wall view in centre. Colour: purple.  
Printer: Bureau Engraving and Printing, Peking,  
China. Date 1926. Size: 84 x 158 mm.

32 copper note: Obverse. Landscape (green) at right. Value letters at left (base yellowish). Frame in purple green.  
Reverse. Great wall view in centre. Colour: green.  
Printer and date as the above. Size 71 x 125 mm.

48 copper note: Obverse. Landscape in centre (red). Value letters at left and right. Colour: base in light green, frame in red.

Reverse. Great wall view in centre. Colour: red.  
Printer and date as the above. Size 73 x 135 mm.



48 Copper Note, issued in 1926

10 cents note: Obverse. Value letters at right, scenery picture at left. Colour in purple green.

Reverse. Value letters in centre (orange). Printer as the above. Date 1925. Size 62 x 170 mm.

10 cents note: The second issue in same type with difference in the base colour of the notes obverse (orange).

20 cents note: Obverse. Value letters at right centre, scenery picture at left. Colour in red.

Reverse. Value letters in centre. Colour in purple. Date and printer as the above. Size 64 x 112 mm.

1 dollar note: Obverse. Landscape in centre, value letters at right and left. Colour in green.

Reverse. Sailing vessel picture in centre, value letters at left and right. Colour in green. Date 1922. Printer as the above. Size 77 x 144 mm.

1 dollar note: The second issue in same type with difference the base of the value letter in multiple colour at the picture's left and right of the note's obverse.

5 dollars note: Obverse. Landscape in centre, value letters at the picture's left and right. Colour in brown.

Reverse. Sailing vessel picture in centre. Colour in brown, value letter beside the picture left and right. Printer and date as the above. Size 82 x 156 mm.

5 dollar note: The second issue in same type with the above, only with the difference between the base colour under the value letter in multiple colour at the picture's left and right of the note's obverse.

10 dollars note: Obverse. Landscape in centre, value letters at the picture's left and right. Colour in dark blue.

Reverse. Sailing vessel picture in centre. Colour in blue grey, value letters beside the picture's left and

right. Printer and date as the above. Size 90 x 169 mm.

10 dollars note: The second issue in same type with the above, only difference the base colour under the value letter in multiple colour at the picture's left and right of the note's obverse. Printer, size and date as the above.

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***Bank Notes  
take  
Spotlight***



Featured in the North American "National Coin Week" activities for the eighth consecutive year, the paper money collection (here, Canadian chartered bank currency) of Don Allen is viewed by school children in the branch bank in the Northern Quebec Province Chibougamau mining area. One hundred Canadian notes were on display, covering 130 years of Canadian bank issues from pre-charter Bank of Montreal currency (1819) to the last commercial issues of the 1940's.

## *News of the Society*

This issue marks another year's completion of the society's activities. The time is shortly coming when, as a society, we will make a bid to spread our wings and become better known in the field of numismatics. At the moment too little attention is paid to paper money though the story it tells is every bit as interesting as that of hard currency. However, the indications are that more attention is being paid to the study of paper money. Our own society has grown steadily to nearly 400 members, representing about 30 different countries.

The president, Mr. J. N. Lawrence, is appealing to all members to each really try this year to attract just one collector to the society. If every member did this our numbers would double—and of course this would mean the size of our magazine could double and the various officers could spend more money on other activities of the society.

It is our intention to publish as much as we can on the subject of paper money, to encourage the hobby and to provide a centre for collectors the world over. We believe we are achieving a certain amount of success in this direction but we are all too well aware of the improvements that we want to make. These can only be brought about by co-operation and assistance to the few officers who really devote their leisure hours to the society's work.

The society provides a forum for the research work of its members and, indeed, some very fine original work has been published; notably by Dr. Arnold Keller, E. Kann, K. O. Mao, Robert Obojski, Dr. Gribanov and so on. Let us have more.

At the moment the society is running very short on articles dealing with American paper money both of the colonial and United States period. Considering that the majority of our members are American this may sound surprising. So, come on Americans, let us have some more articles on the paper of your country. This is a field the magazine seriously wants to develop. We can lay claim to having the greatest collectors of Chinese paper money as members of the society and the majority of Europe's great collectors including the greatest paper money historian of all time, Dr. Arnold Keller. We are weak, and recognise it, in the fields of African, Arabian and South American paper money, though we are not without members in these areas.

In the coming years we hope to build these up so that the society can truly reflect the research work of paper money enthusiasts throughout the world. The importance of numismatics generally and, in modern history, of paper money particularly, cannot be underrated by those wishing to study the progress and development of civilisation, and to ensure that the mistakes of past economics are not repeated.